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New Report Calls on Congress to Restore and Reform TANF Block Grant Funding to Help Children in Poverty; Without Restoration Texas Stands to Lose \$52.7 Million

(AUSTIN, Texas)—Today, First Focus, a bipartisan child advocacy organization, released a report highlighting the enormous and growing gulf in funding between states to help children in poverty that is the result of flaws in the design of the Temporary Assistance for Needy Families (TANF) block grant. The report, “TANF Supplemental Grants: Reforming and Restoring Support for Children Who Need it Most,” calls on Congress to fix these flaws and restore funding for the TANF Supplemental Grants. The annual supplemental grants provide additional TANF funding for 17 states—including \$52.7 million for Texas—that have historically low spending per child in poverty.

Texas U.S. Representative Lloyd Doggett has introduced legislation (HR 2277) to restore full funding for the supplemental grants for 2011. Without the supplemental grants in 2012 and beyond, Texas would lose almost 10 percent of its federal TANF funding.

If Congress fails to restore funding for the supplemental grants, core activities—most notably child protective services—will have to be cut or funded with state general revenue in the next state budget cycle (2014-15). “Without these funds Texas will struggle to keep our most vulnerable children out of harm’s way,” said Celia Cole, senior policy analyst at the Center for Public Policy Priorities.

The report also highlights the inequities in the TANF funding formula, which provides a capped blocked grant to states based on pre-1996 spending levels, the year TANF replaced Aid to Families with Dependent Children (AFDC). Because the TANF block grant is fixed it cannot respond to caseload growth or demographic changes, nor is it adjusted for inflation.

The lowest-funded state in the nation, Texas, in particular, has not fared well under the TANF block grant structure. Tied to historically low spending levels, the total share of federal TANF funds for Texas—with the supplemental grants—is \$539 million a year or roughly \$129 per poor person in 2009, according to a separate [analysis](#) by CPPP. When adjusted for inflation, the value of the TANF grants in 2010 dollars has decreased by 38 percent since 1996. As a high-growth, high-poverty state, Texas must do more with less each year under the TANF block grant.

The funding formula also locked into place enormous inequities in federal funding to the states and widened the disparity in states’ abilities to combat child poverty. For example, in the eight lowest-funded states, the average amount of TANF spending per poor child was \$443 in 2009, compared to \$2,305 in the eight highest funded states. In the eight highest-funded states the average level of TANF funding per child in poverty actually increased by 21.1 percent between 1997 and 2009. As the report notes, this is because the number of children in poverty decreased in these states over this period giving them more TANF to spend per child. In contrast, in the eight lowest-funded states, the average level of TANF funding per child in poverty fell by



9.8 percent because the number of children in poverty increased by 23 percent. In other words, greater spending made a difference in reducing poverty in the highest-funded states while poverty grew in the lowest-funded states.

Without the supplemental grants, the decrease in funding per child in the lowest-funded states would have been almost twice as great, at 18.7 percent. Texas would have received \$294 in funding per child in poverty in 2009 without the supplemental grants.

Though the original purpose of the supplemental grants was to address the funding formula inequity, as the report points out, because the fundamental disparities in the grant allotments were so great between states, and the supplemental grants so insufficient, they have failed to make much of a difference.

As a result of the flaws in the block grant structure, TANF provides inadequate levels of assistance and reaches far fewer poor children in the lowest-funded states than it did in 1997. In Texas, more than one out of four children lives in poverty, yet TANF reaches only one in 20. The maximum grant for a family of three is \$244 per month—less than 20 percent of the official federal poverty line.

In addition to calling on Congress to restore the supplemental grants, the report warns of the dangers of converting essential social services and health programs into block grants that lock in and then exacerbate disparities between states due to their inability to respond to growing need, economic downturns, or demographic changes.

The report also recommends increasing the amount of the supplemental grants and moving to a system where states receive, at a minimum, the national average in funding per child in poverty.

Finally, and perhaps most important, the First Focus report calls on Congress to modify TANF to make child poverty reduction a major goal of the program and to give states the additional resources they need, in coordination with other anti-poverty measures such as the Earned Income Tax Credit, to make a real and substantial difference in reducing child poverty.

“The TANF block grant has been an unequivocal failure in helping states like Texas combat child poverty,” said Cole. “Congress should restore funding for the supplemental grants and refocus TANF on poverty reduction. This is the right thing to do and the smart thing to do. Increasing our investment in today’s most vulnerable children will mean a brighter future for them and a stronger nation for all Americans.”

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